

to you what actions states adjacent to us have found it necessary to take. July (sic) currently, their exemption expires July 1 of '86. Missouri doesn't have one. Kansas is the only state that does not have an exemption at this time except I should point out that if you look back in the sheets under that cover sheet it shows the loss of revenue that they are incurring. Kansas, as you perhaps know, has had a series of problems the last two or three years. In fact, they were in such a position a couple of years ago that for four to six months they didn't even have any highway construction contracts let because of their revenue problems. Colorado is to phase out July 1 of 1985, Wyoming, July 1 of '84. South Dakota is July 1 of '85. All these we have checked again as of a week ago finding all of them to be exact. The amendment the way it works puts a cap on the dollar amount of loss that primarily the governmental subdivisions, the cities and the counties, are going to incur. The loss of revenue that the state has, of course, can be and currently is met because of the variable gas tax but it also means that in the case of the state the variable is a half-cent higher than would otherwise have been necessary. In the case of the cities and the counties, it was a loss. The amendment is drafted in such a way that it puts a cap on the dollar loss because that is the issue and the cap would be \$7.2 million commencing in October of this year through January 1 of 1986 which would be equal then to the amount of consumption of gasohol which was 183 million gallons in 1983 with a four cent exemption had it been in effect. Then as the amendment is drafted the exemption would be adjusted quarterly based upon the previous quarter consumption of gasohol in order to hold the dollar loss primarily to the cities and counties and to the state, for that matter, reducing the need for a higher variable tax and would hold it at that dollar level. It then is phased down to a \$5 million cap in '86 and '87. By January 1 of 19...well, in '87 it would be a 2.5 million cap and by 1988, January 1, it would be phased out to zero. In visiting with many of you, you felt that there was some need, some justification not reducing the current exemption more than one cent at least for 18 months or so because of at least one plant being constructed in Nebraska now. But on the basis of this amendment, as I indicated earlier, it